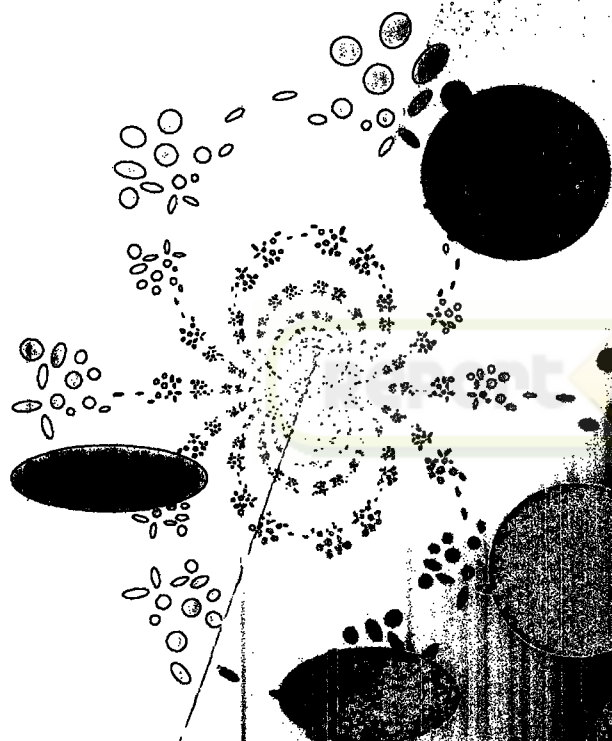


MD	✓		BXC	✓
CS	✓		DET	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		



asian paints
(India) Limited

Annual Report 1996-97

Dear Shareholder,

Our ability to seize every opportunity, even in adversity, to push through positive changes in the organisation was the theme of my last letter to you.

Happily, the times we live in have opportunities aplenty. As the economy gathers momentum, there is bound to be a manifold increase in the potentially beneficial courses of action open to us. To recognise them, to weave out of them a coherent strategy and to articulate the organisation's intent to all concerned is the task of corporate leadership.

Yet, a sound strategy does not by itself underwrite a healthy bottom line. The arduous and equally important task of putting strategies into action, of converting thought into deed, and thus creating brilliant performance out of bright ideas, demands an organisation that is responsive and full with energy.

We are expanding production capacities for paints at all locations. A new venture for automotive coatings with a world leader, will enable us to access current technology and expand our share in this segment. Additions made to our product range will close the gaps that exist today and provide the customer a complete range of solutions to all his painting needs. Fresh investments have been made in information technology to help retain our edge in operational efficiency and logistics management. In line with our commitment to conservation, we have decided to adopt internationally recognised environment management systems at all our plant locations.

Together, these steps dovetail into our long-term vision of steady growth by staying focused in our business; of consistently meeting our customers' changing expectations; of gradually but steadily expanding our geographical reach even beyond the confines of this country; and of being 'world class' in our chosen field.

Organisation building is a continuous process. To stay ahead in today's competitive market we have to stay fit and possess a passion for action. The vitality and vibrancy of an organisation in action, resulting in continuous growth and expansion, is seen through the artist's eyes on the cover page.

With regards,

Yours Sincerely
BH Choudhary

Notice

Notice is hereby given that the Fifty-first **ANNUAL GENERAL MEETING** of **Asian Paints (India) Limited** will be held at Patkar Hall, Nathibai Thackersey Road, Marine Lines, Mumbai 400 021 on **Friday, the 8th August, 1997 at 3.30 p.m.** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the accounts for the year ended 31st March, 1997 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri C.H. Choksey, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri I.C. Jain, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri H.N. Kapadia, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint M/s. Shah & Co., Chartered Accountants, as Auditors of the Company, and fix their remuneration.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution** :

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company, of all or some or any immovable and/or movable properties of the Company, wherever situate, present and future, and the part or whole of the undertaking of the Company, in favour of State Bank of India or any other Bank as the Board of Directors may deem fit, to secure the External Commercial Borrowing not exceeding U.S. \$ 6.2 million (approximately Rs. 22.50 crores) together with interest thereon at a rate that may be agreed upon by the Board of Directors and the said Bank and other monies payable by the Company to the lender under an Agreement that may be entered into by the Company in respect of the said borrowing.

RESOLVED FURTHER THAT the Board of Directors of the Company be and they are hereby authorised to do all such acts, deeds and things including execution of documents, if any as may be necessary for this purpose."

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution** :

"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, the Company hereby approves the increase of perquisites of its Managing Directors Shri Atul C. Choksey, Shri Ashwin C. Choksi, and Wholetime Directors Shri K. Rajagopalachari and Shri Abhay Arvind Vakil in supersession of the earlier limits approved by the members of the Company by way of Special Resolutions passed at the Extra Ordinary General Meeting of the Company held on 10th June, 1994; and the increase of perquisites of its Wholetime Director Shri Ashwin Suryakant Dani in supersession of the earlier limit approved by the members of the Company by way of Special Resolution passed at the Annual General Meeting of the Company held on 5th August 1996, all in terms of the Draft supplemental agreements submitted to this meeting and for identification purposes initialled by the Chairman thereof, which supplemental agreements are to be entered into by the Company with the aforesaid Directors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and they are hereby authorised to do all such acts, deeds and things including execution of documents and/or amendment(s) of Agreements already entered into with the aforesaid Directors, as may be necessary for this purpose."

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution** :

"RESOLVED THAT subject to the approval of Reserve Bank of India and/or Central Government under Foreign Exchange Regulation Act, 1973 and subject to such other approvals, permissions and sanctions as may be considered necessary, consent of the Company be and is hereby accorded for purchase/acquisition of Equity Shares of the Company by Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Non-Residents (NRs), etc., under the Investment Portfolio Scheme of the Reserve Bank of India and/or in accordance with all permissible rules, subject, however, that the Equity Shares so purchased/acquired shall not exceed 30% of issued Share Capital of the Company as issued from time to time."

RESOLVED FURTHER THAT the said purchase/acquisition of shares as aforesaid upto a limit of 30% of issued Share Capital as issued from time to time shall be subject to the conditions and restrictions as laid under the Investment Portfolio Scheme and/or other permissible rules and guidelines for the time being in force and as amended from time to time."

AND RESOLVED FURTHER THAT the Board of Directors be and they are hereby authorised to do all such acts, matters and things as may be necessary, proper and expedient for the purpose of giving effect to this Resolution and for matters connected therewith."



10. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution** :

"RESOLVED THAT the Company shall delist its Equity shares from the Stock Exchanges of Cochin, Vadodara and Ludhiana and the Board of Directors of the Company be and they are hereby authorised to do all such acts, deeds and things including execution of documents as may be necessary for this purpose."

11. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and these are hereby altered as follows :

- A. Article 2 of the Articles of Association shall include the following definitions at appropriate places :

- 'Beneficial owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996 ;
- 'Depositories Act, 1996' shall include any statutory modification or re-enactment thereof ; and
- 'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- B. In Article 2 of the Articles of Association, the definition of 'Member' shall be altered as follows :

"'Member' means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996."

- C. Article 3 of the Articles of Association shall include the following at the end :

"The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any."

- D. Article 12 of the Articles of Association shall be substituted by the following :

"The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The

Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country."

- E. Article 13 of the Articles of Association shall be substituted by the following :

"The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished."

- F. Article 20 of the Articles of Association shall include the words "provided however, no share certificate(s) shall be issued for shares held in a Depository" after the words "the amount paid thereon" mentioned in the first sentence.

- G. Article 23 of the Articles of Association shall be substituted by the following :

"Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them."

- H. Article 51 of the Articles of Association shall be substituted by the following :

"In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply."

- I. Following Article shall be inserted as Article 51-A of the Articles of Association and shall read as follows :

51-A : "The Company shall keep a 'Register of Transfers' and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form."


asian paints
 (India) Limited

NOTES :

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote instead of himself/herself. A proxy need not be a member. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 24th July, 1997 to Friday, the 8th August, 1997 (both days inclusive).
4. Dividend recommended by the Directors, if approved by the members at the Annual General Meeting, will be paid on or after 9th August, 1997 to those Members whose names appear on the Register of Members as on 8th August, 1997.
5. Members are requested to notify the changes, if any, in their address to the Company's Registered Office at the earliest but not later than 24th July, 1997.
6. Members are also requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the Company, for admission to the meeting hall.
7. Members are hereby informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31.3.1993. Members who have not collected dividends for any accounting year upto and including 31.3.1993 are requested to make an application to the Registrar of Companies, Maharashtra, Hakoba Mills Compound, Mumbai Industrial Estate, Kalachowki, Chinchpokli (East), Mumbai 400 034 for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No. II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government Rules, 1978).

Separate communications are forwarded with the Report to such shareholders whose dividend/s as above, have been last transferred to the Central Government, under the aforesaid rules.
8. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the

meeting so that the information required may be made readily available at the meeting.

**BY ORDER OF THE BOARD
FOR ASIAN PAINTS (INDIA) LIMITED**

**B. N. JHAVERI
SECRETARY**

Registered Office :

'Nirmal', 5th Floor,
Nariman Point,
Mumbai 400 021

Date : 23rd June, 1997

ANNEXURE TO NOTICE
EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956).

Item No. 7 :

Under the liberalised guidelines of the Ministry of Finance, Government of India on External Commercial Borrowings (ECBs), exporters are allowed to avail ECBs to the extent of twice the average export earnings of the previous three years, with a minimum average maturity of three years. In accordance with these guidelines, our Company is entitled to borrow by way of ECBs to the extent of U.S. \$ 6.2 million (approximately Rs. 22.50 crores). As security for the borrowings, the Company needs to mortgage its assets in favour of the lender.

The Board accordingly recommend the resolution for the approval of the Members. None of the Directors of the Company is concerned or interested in this Resolution.

Item No. 8 :

The Contracts with the Managing/Wholetime Directors were approved by the Members at the General Meetings mentioned in the resolution. The limits for perquisites laid down thereunder are found to be inadequate for availing full House Rent Allowance and reasonable levels of medical expense reimbursement, Leave Travel Assistance and other perquisites, to which these Directors are entitled. It is therefore, proposed to increase the perquisite limits as under :



Name of the Directors	Present Perquisite Limit	Proposed Perquisite Limit	Interested Directors
Atul C. Choksey	Annual Salary or Rs. 2,70,000 per annum, whichever is less.	Annual Salary or Rs. 3,95,000 per annum, whichever is less.	Atul. C. Choksey C.H. Choksey
Ashwin C. Choksi	Annual Salary or Rs. 2,70,000 per annum, whichever is less.	Annual Salary or Rs. 3,95,000 per annum, whichever is less.	Ashwin C. Choksi Mahendra C. Choksi
K. Rajagopalachari	Annual Salary or Rs. 2,70,000 per annum, whichever is less.	Annual Salary or Rs. 3,95,000 per annum, whichever is less.	K. Rajagopalachari
Abhay A. Vakil	Annual Salary or Rs. 1,89,000 per annum, whichever is less.	Annual Salary or Rs. 2,52,800 per annum, whichever is less.	Abhay A. Vakil Amar A. Vakil
Ashwin S. Dani	Annual Salary or Rs. 2,34,000 per annum, whichever is less.	Annual Salary or Rs. 3,05,500 per annum, whichever is less.	Ashwin S. Dani Jalaj A. Dani

Excepting the respective Directors mentioned as 'Interested Directors' hereinabove, no other Director is interested in this Resolution.

Item No. 9 :

Till recently, Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) and Non-Residents (NRs) could jointly hold 24% of the issued Equity Share Capital of any Company. This limit has now been enhanced to 30%, subject to the approval of the Shareholders of the Company by way of Special Resolution. This is being done to facilitate further foreign investment and thereby increase the inflow of foreign exchange into the country. Accordingly, it is proposed to increase the ceiling of holdings by NRIs, OCBs, FIIs and NRs from the present limit of 24% to 30%.

The Board accordingly recommend the resolution for the approval of the Members. None of the Directors of the Company is concerned or interested in this Resolution.

Item No. 10 :

The Equity Shares of the Company are listed in various Stock Exchanges across the country. It has been observed that in the Regional Stock Exchanges of Ludhiana, Vadodara and Cochin, the shares of the Company are not being traded in a material way regularly. Hence, it is proposed to delist the equity shares of the Company from these Stock Exchanges. The Company will continue to be listed in National Stock Exchange and the Stock Exchanges at Bombay, Ahmedabad, Madras, Hyderabad, Calcutta and Delhi.

The Board accordingly recommend the resolution for the approval of the Members. None of the Directors of the Company is concerned or interested in this Resolution.

Item No. 11 :

Consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer/transmission and dealing in shares thereof have been amended to facilitate the Depository system. A few Articles in the Articles of Association pertaining to the aforesaid issues which were in line with the erstwhile provisions of the Companies Act, 1956 may be in conflict with the provisions of the Depositories Act, 1996 and therefore, the relevant Articles are being amended.

A copy of the Articles of Association of the Company is open for inspection of the members at the Registered Office of the Company during working hours of all days other than Saturdays, Sundays and public holidays.

The Board accordingly recommend the resolution for the approval of the Members. None of the Directors of the Company is interested or concerned in this Resolution.

**BY ORDER OF THE BOARD
FOR ASIAN PAINTS (INDIA) LIMITED**

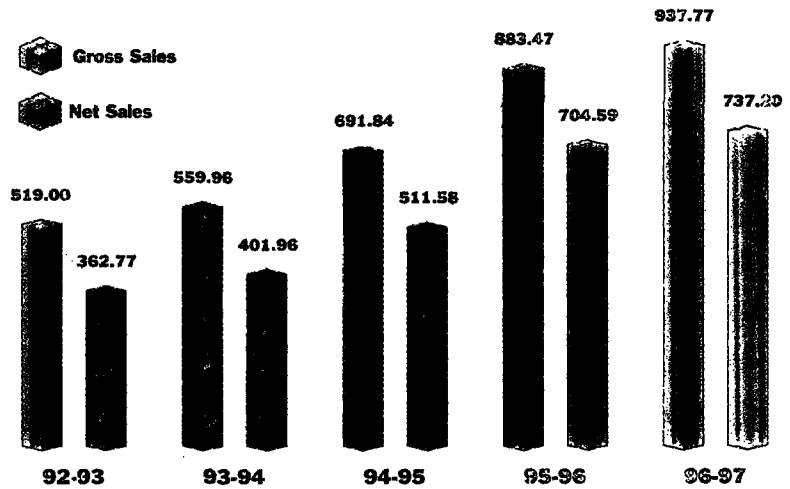
**BIPIN JHAVERI
SECRETARY**

Registered Office :

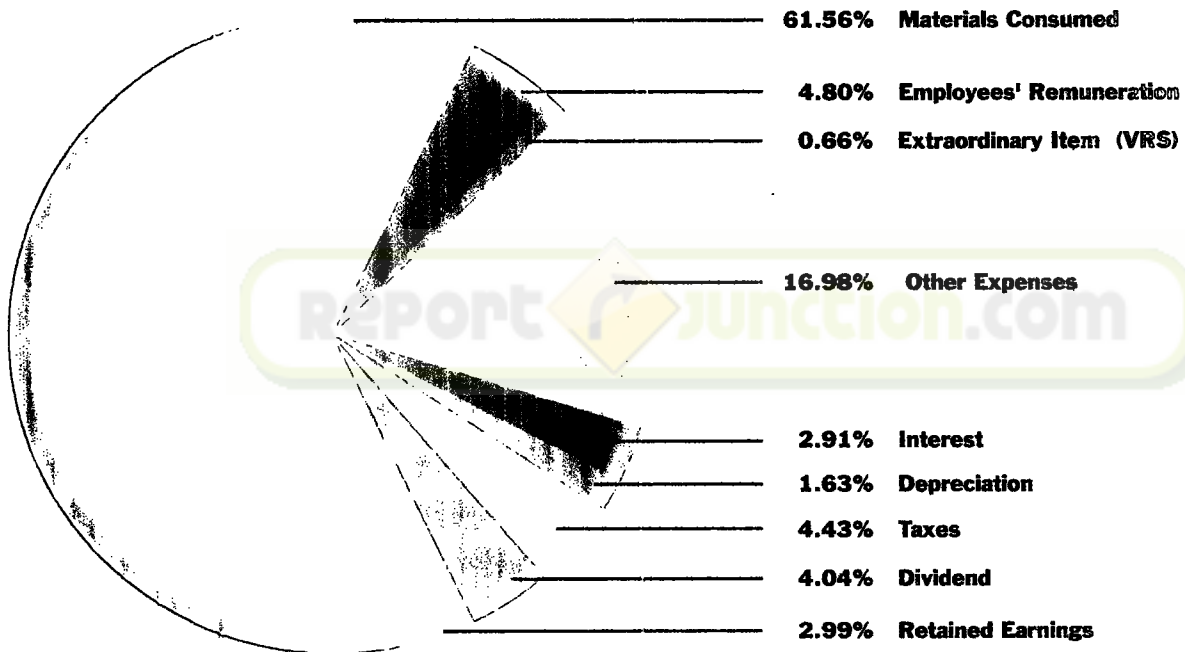
'Nirmal', 5th Floor,
Nariman Point, Mumbai 400 021

Date : 23rd June, 1997

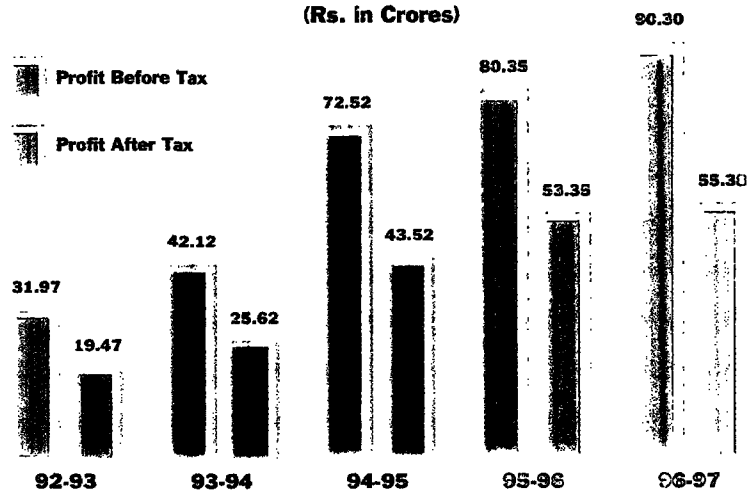
GROWTH IN SALES (Rs. in Crores)



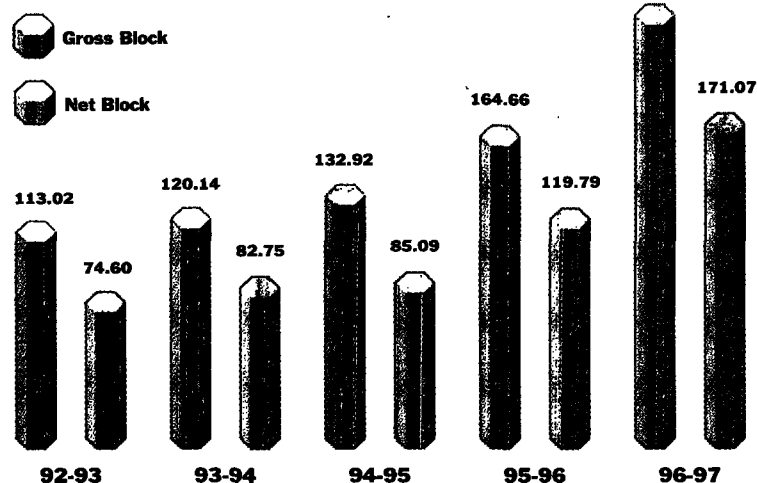
DISTRIBUTION OF INCOME



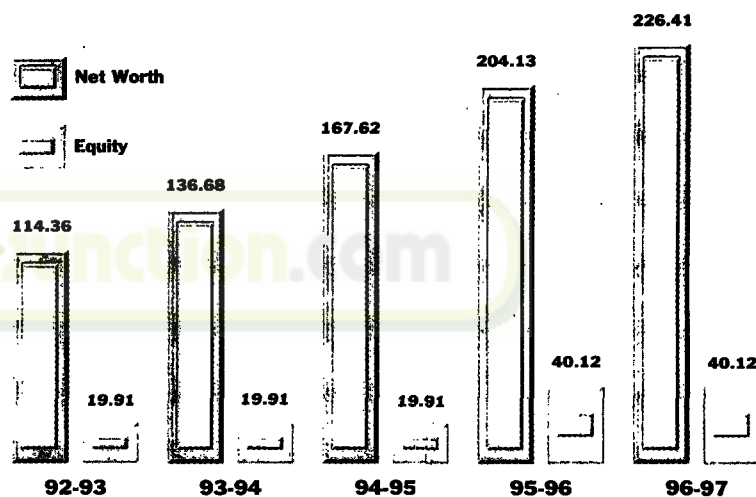
GROWTH IN PROFITS (Rs. in Crores)



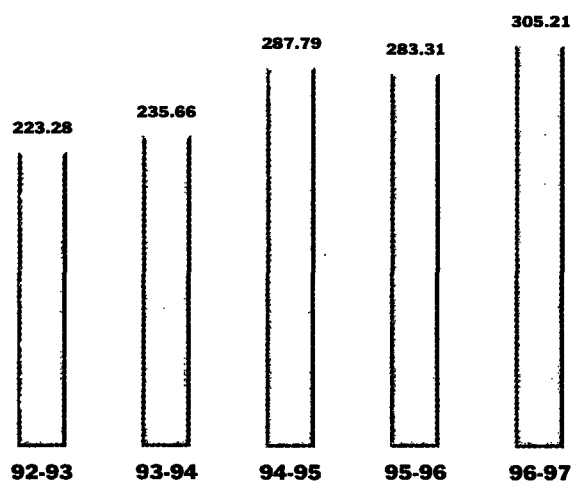
GROWTH IN FIXED ASSETS (Rs. in Crores)



GROWTH IN SHAREHOLDERS' FUNDS (Rs. in Crores)



REVENUE TO EXCHEQUER (Rs. in Crores)





Board of Directors

CHAMPAKLAL H. CHOKSEY	<i>Chairman & Advisor</i>
ATUL C. CHOKSEY	<i>Managing Director</i>
ASHWIN C. CHOKSI	<i>Managing Director</i>
HARSHAD N. KAPADIA	
ASHWIN S. DANI	<i>Wholetime Director</i>
K. RAJAGOPALACHARI	<i>Wholetime Director</i>
ABHAY A. VAKIL	<i>Wholetime Director</i>
MAHENDRA C. CHOKSI	
M.G. PATEL	
I.C. JAIN	
<i>(Nominee of General Insurance Corporation of India)</i>	
AMAR A. VAKIL	
JALAJ A. DANI	

Secretary & Senior General Manager

BIPIN JHAVERI

Solicitors

Crawford Bayley & Co.
Dhru & Co.

Auditors

Shah & Co., Chartered Accountants

Bankers

State Bank of India

Registered Office

'Nirmal', 5th floor, Nariman Point,
Mumbai 400 021.

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51st

Annual General Meeting

- o 8th August, 1997 o 3.30 p.m.
- o Patkar Hall, Nathibai Thackersey Road,
New Marine Lines, Mumbai 400 020



Establishments of the Company

HEAD OFFICE

'Nirma', 5th floor, Nariman Point,
Mumbai 400 021.

INDUSTRIAL SALES OFFICE

Das Chambers, 25, Dalal Street,
Mumbai 400 023.

**INVESTOR SERVICES CELL/
PHTHALIC DIVISION OFFICE**

Plot No. 5, Gaiwadi Industrial Estate,
S.V. Road, Goregaon (West),
Mumbai 400 062.

PENTA DIVISION OFFICE

East Coast Chambers,
92, G.N. Chetty Road,
Chennai 600 017.

PAINTS PLANTS

Lal Bahadur Shastri Marg, Bhandup,
Mumbai 400 078, Maharashtra.

Plot No. 2602, GIDC Industrial Area,
Ankleshwar 393 002, Gujarat.

Plot Nos. 50-55, Industrial Development Area,
Phase II, Patancheru 502 319,
Dist. Medak, Andhra Pradesh.

A-I UPSIDC Industrial Area, Kasna-II,
Kasna Village, Tehsil Sikandarabad,
Dist. Bulandshahr 203 207,
Uttar Pradesh.

PHTHALIC PLANT

Plot No. 2702, GIDC Industrial Area,
Ankleshwar 393 002, Gujarat.

PENTA PLANT

B5-B10 Sipcot Industrial Complex,
Cuddalore 607 005, Tamil Nadu.

SALES OFFICES

Agartala	Hubli	Pimpri
Agra	Indore	Pune
Ahmedabad	Jabalpur	Raipur
Bangalore	Jaipur	Rajkot
Baroda	Jalandhar	Saharanpur
Calcutta	Jamshedpur	Sakinaka (Mumbai East)
Chandigarh	Jodhpur	Secunderabad
Chennai	Kandivli (Mumbai West)	Siliguri
Coimbatore	Kanpur	Surat
Cuttack	Kochi	Thiruvananthapuram
Dadar (Mumbai South)	Kozhikode	Tiruchirapalli
Faridabad	Lucknow	Varanasi
Ghaziabad	Madurai	Vashi (Navi Mumbai)
Goa	Mangalore	Vijayawada
Gurgaon	Nagpur	Visakhapatnam
Guwahati	Nashik	Zirakpur
Gwalior	New Delhi	
Halol	Patna	

**REGIONAL DISTRIBUTION
CENTRES**

Ahmedabad	Ghaziabad	Mulund (Mumbai)
Bangalore	Hyderabad	Raipur